THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) Yes, Sir.

(b) and (c) A case of import of magnetic mattresses, quilts and pillows called Magnetic Acupressure Treatment Instrument was adjudicated by Commissioner of Customs, Mumbai *vide* an order, dated 31.08.2001, holding that the goods are classifiable as 'mattresses' under heading 9404.29 of the Customs Tariff.

The matter was subsequently examined by Government and it was found that the goods are appropriately classifiable under heading 9019.10 as 'massage apparatus'. Accordingly, a Circular was issued to this effect on 25.10.2001 so as to bring about uniformity in the assessment practice of the goods.

Against the order of the Commissioner of Customs, the importer filed an appeal before the CEGAT with an application for grant of stay. The stay has been granted by the hon'ble Tribunal.

Show-cause notice to M/s United Breweries Group

75. SHRI DILIP SINGH JUDEV:
SHRI BHAGATRAM MANHAR:

Will the Minister of FINANCE be pleased to refer to the answer to Unstarred Question 215 given in the Rajya Sabha on 20th November, 2001 and state:

(a) the outcome of the show-cause notice issued to M/s United Breweries Limited and its Chairman for violation of Sections 8(1), 9(1)(c), 47(1) and (2) of FERA, 1973; and

(b) whether any personal hearing has been given to M/s United Breweries Limited and its Chairman in the matter, if so, the details and results thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) and (b) The show-cause notice issued to M/s United Breweries Limited and its Chairman for violation of Sections 8(1), 9(1)(c), 47(1) and (2) of FERA has been adjudicated by the Special Director Enforcement

under his order dated 10th January, 2002. After considering the arguments put forward by the parties during the course of hearing on 3rd December, 2001 and also the written submissions filed by them, the Special Director of Enforcement Directorate decided to drop the proceedings initiated against them.

Postponement of Introduction of VAT

76. DR. MANMOHAN SINGH:
SHRI P. PRABHAKAR REDDY:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Central and State Governments have postponed the introduction of the Value-added Tax (VAT) regime across the country by one year;

(b) if so, the details in this regard and the reasons therefor;

(c) whether Government are aware that the postponement of the introduction of VAT system is likely to adversely affect the competitiveness of the Indian industries in the domestic as well as global market; and

(d) if so, the steps proposed to be taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) and (b) A conference of State/UT Finance Ministers held in January, 2002 decided, after detailed deliberations, that the Value added Tax (VAT) system be introduced by all States from 1 April, 2003. This postponement was found necessary to enable completion of various legislative measures as well as administrative actions in areas like computerisation, staff training allaying apprehensions about the VAT system in certain sections of trade and industry, etc. This will also enable all States, including special category States, to introduce the VAT system from the same date.

(c) and (d) The State/Union Territory Governments as well as the Central Government are of the view that adequate prior preparations must be ensured before introduction of the VAT system. Only then